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AMIT PABARI
Founder & Managing Director

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INTERNATIONAL NEWS

Global goods trade is likely to fall in 2023 amid rise in risks

Global goods trade will shrink next year in a downturn reminiscent of previous recessions, Oxford Economics said, in a worrying forecast for Asia's export-dependent economies and beyond.

Goods trade will decline 0.2% next year, with contractions likely starting from the final months of this year, lead economist Adam Slater wrote Friday in a report. That's a substantial revision down from June, when Oxford forecast that the global goods trade would grow 3.4% in 2023.

The forecast is among the worst trade outlooks yet for next year and coincides with a growing number of Asian nations reporting shrinking exports. South Korea said Thursday its exports fell the most in two-and-a-half years from a year earlier in November, dragged down by an economic slowdown in China and cooling demand for semiconductors.

China's exports and imports both unexpectedly fell in October and those declines are expected to have deepened in November, according to forecasts for data due to be released next week.

Source: economictimes.com- Dec 03, 2022

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US economy grows steadily through fall, inflation eases a bit: Fed

A routine Federal Reserve (Fed) survey has found that the US economy grew steadily through the fall and inflation eased a bit, but many businesses expressed ‘greater uncertainty or increased pessimism’ about the outlook toward the end of the year. The survey, called the Beige Book, painted a somewhat cloudier view of the economy compared to earlier this year.

The Fed said economic growth was ‘flat or up slightly’ since the last Beige Book report. More businesses said they were worried about a potential recession in 2023.

Consumer spending held steady or even rose for services such as travel, but manufacturers turned in a mixed performance. Five regional Fed banks reported somewhat faster economic growth, but the rest either saw no increase or experienced slight declines.

“The pace of price increases slowed,” in response to weaker demand and easing supply-chain bottlenecks, the Beige Book said. Retailers, in particular, had to cut price in some cases to sell off an excess of goods.

Further progress was likely to be slow, however. “Inflation was expected to hold steady or moderate further moving forward,” it said.

The increase in US inflation in the 12 months to October stood at 7.7 per cent—down from a 40-year high of 9.1 per cent in June.

The survey covers the duration from early October to the third week of November. The United States has 12 Federal Reserve banks blanketing the country.

Source: fibre2fashion.com- Dec 04, 2022

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UK's retail sales outlook grim in Nov 2022: CBI

UK's retailers saw their sales volumes fall at a firm pace in the year to November 2022, the Confederation of British Industry (CBI) said. Firms anticipate little festive cheer in December, with a similar rate of decline expected next month. Retailers remain pessimistic about their business prospects for the next three months, which is reflected in declining employment numbers and deteriorating investment intentions.

Retail sales declined in the year to November (-19 per cent from +18 per cent in October) with a broadly similar fall expected next month (-21 per cent). Sales volumes were seen as average for the time of year (+3 per cent from +20 per cent in October) and are expected to remain broadly in line with seasonal norms in December (-1 per cent), as per the key findings of CBI's latest quarterly Distributive Trades Survey.

Online retail sales contracted in the year to November (-5 per cent from -23 per cent in October). Internet sales have now been flat or falling for 13 months, and an accelerated contraction (-26 per cent) is expected next month.

Retailers remained notably pessimistic about the business situation over the next three months (-22 per cent), to a similar extent to August (-22 per cent). Employment growth in retail slumped in the year to November (-17 per cent from +13 per cent in August)—the first decline in headcount since August 2021. A further fall (-12 per cent) is anticipated next month.

Retailers expect to reduce investment in the next 12 months compared to the previous 12 (-38 per cent from -31 per cent in August), to the greatest extent since May 2020.

"It's not surprising that retailers are feeling the chill as the UK continues to be buffeted by economic headwinds. Sales volumes fell at a firm pace in the year to November, and retailers remain notably downbeat about their future business prospects. This pessimism is reflected in investment intentions worsening to the greatest extent since May 2020," said Martin Sartorius, principal economist at the CBI.

"Retailers and wholesalers contribute £352 billion to the UK economy and support a fifth of the nation's jobs—yet these survey results underline what a tough time it is for the sector. The chancellor's decision to back CBI calls

for a freeze in businesses rates next April will provide some welcome relief, but retailers are also looking for longer-term measures from the government that can restore momentum to the UK economy. Businesses stand ready to work with the government to implement a serious plan for growth that can lift us all out of the current crisis," added Sartorius.

In addition, data showed that selling prices rose extremely quickly in the year to November, at a pace just shy of the 37-year high recorded in the previous quarterly survey (+82 per cent from +87 per cent in August). Prices are expected to increase at a broadly similar pace next month (+81 per cent).

Elsewhere, wholesale sales volumes fell considerably in the year to November (-18 per cent from +3 per cent in October), with a broadly similar pace of decline expected next month (-21 per cent). Motor traders' sales continued to fall very rapidly (-54 per cent from -67 per cent). An accelerated decline is expected next month (-60 per cent). This survey included 156 companies, including 65 retailers.

Source: fibre2fashion.com- Dec 04, 2022

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Asia-Pacific region's real wage growth falls in 2022: ILO report

The Asia-Pacific region's real wage growth has fallen this year due to severe inflationary pressure and a global slowdown in economic growth, according to an International Labour Organisation (ILO) report, which recently said the real wage growth in the region rose to 3.5 per cent in 2021, but slowed in the first half of 2022 to 1.3 per cent.

Excluding heavy-weight China, the real wage growth in the region increased by much less, at 0.3 per cent in 2021 and 0.7 per cent in the first half of 2022.

The severe inflationary crisis, combined with a global slowdown in economic growth—driven in part by the war in Ukraine and the global energy crisis—are causing a striking fall in real monthly wages in many countries, the report, titled 'The Global Wage Report 2022-2023: The Impact of inflation and COVID-19 on wages and purchasing power', said.

The crisis is reducing the purchasing power of the middle class and hitting low-income households particularly hard, it said.

Global monthly wages fell in real terms to minus 0.9 per cent in the first half of 2022, the first negative global wage growth recorded since the first edition of the Global Wage Report in 2008, the ILO report estimates.

The striking fall in real wages in the last year of the series (2022) is mainly due to the increase in inflation that started in 2021 and has continued during 2022, it said.

A cost-of-living crisis could well dominate wage trends until the end of 2023, the report added.

Source: fibre2fashion.com- Dec 05, 2022

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69% globally expect inflation to continue to rise in 2023: Survey

US continued to be the largest market for China's babywear during July-September 2022. China's total exports amounted to $802.357 million in the period, with US claiming a share of 22.50 per cent, which is slightly less than the previous quarters. US was the biggest importer of the product from China despite the Xinjiang cotton ban imposed in June 2022.

China's exports of babywear to the US were valued at $180.523 million in July-September 2022, the quarter immediately following US' ban on cotton and cotton products originating from the Xinjiang region of China, according to Fibre2Fashion's market insight tool TexPro.

The Asian country's exports of babywear to the world totalled $698.693 million in April-June 2022. The exports of the product to the US amounted to $185.556 million, 26.56 per cent of the total exports in the quarter. Therefore, US' share in China's total babywear exports declined by around 4 per cent after the imposition of the ban.

Exports amounted to $536.619 during January-March 2022, with US' share at $149.876 million (27.93 per cent). China's total exports of babywear to the world witnessed a gradual rise since the first quarter of the current year, as per TexPro.

China's total exports of babywear stood at $2.641 billion in 2021. The country's total shipment to the US was $704.312 million or 26.66 per cent of the total exports in the same period.

Source: fibre2fashion.com- Dec 04, 2022

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Europe turns to secondhand clothing

Reselling platforms are giving clothes a new life. So says Savoo. Among these platforms are Depop, eBay, Asos Marketplace and Vestiaire Collective.

Zara, Nike and Adidas are among Europe's most sought-after brands for pre-loved clothing.

The number of pre-owned Zara items being sold on Depop alone has reached 439,696. Nike comes in second, with 7,447 listings currently active on the Asos marketplace. Adidas has a total of 467,022 listings across the four different marketplaces.

H&M has the next most lively resellers market, with 238,677 items listed on Depop making it the app's fifth most popular second-hand brand. Lingerie brand Victoria's Secret follows in fifth place, with 340,000 listing on eBay.

Finland is the country most interested in pre-owned brands and clothing. The UK ranks in sixth place overall as Europe's most sustainable shoppers, despite being home to nearly 68 million people.

The importance of being sustainable is rising as shoppers have become more aware of their ecological footprint. From food waste to buying secondhand clothes, consumers are not only more conscious of protecting the environment they live in, but are also looking at ways to save money with sustainable practices in light of the cost of living crisis.

Shoppers are making more of an effort to become more environmental-friendly while still looking fashionable, and wasting less at the same time.

Source: fashionatingworld.com- Dec 03, 2022

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From Zhejiang to Hunan, Chinese provinces are taking the reins of trade with Africa

For decades, the Chinese central government has been the main driver of China-Africa diplomacy, pumping billions of dollars into the continent's infrastructure and trade.

But while it retains control over foreign policy agenda and direction, the central government is now empowering local and provincial authorities and their companies to spearhead the next phase of China-Africa trade.

One of the provinces at the centre of China-Africa trade is Zhejiang, a coastal province in eastern China home to companies that have built warehouses, industrial parks and e-commerce infrastructure in African countries.

Last week, Chinese companies in Zhejiang announced a plan to bankroll 26 projects in Africa worth US$8.1 billion in a bid to boost trade with the continent.

The projects included a 1 billion yuan (US$140 million) by Zhejiang Gezhi Trading, a subsidiary of Merit Link Group, and Zhejiang Yingfan Trading to build an overseas warehouse for Merit in Algiers, the capital of Algeria. The Jinhua city government said the facility was expected to serve the company's operations in the Middle East, North Africa, and Central and Southern Africa.

The deal was signed last week during the 2022 China (Zhejiang) Forum on China-Africa Economic and Trade Relations and the China-Africa Cultural Cooperation and Exchange Week in Jinhua, Zhejiang province. The event attracted 400 delegates from China and 47 African countries.

Lauren Johnston, a China-Africa researcher at the South African Institute of International Affairs, said Zhejiang was among China's richest and leading provincial hub for private-sector small and medium enterprises (SMEs) and also "one of China's richer and more freewheeling and experimental provinces".

She said it was also home to Yiwu, the consumer goods centre that attracted hundreds of thousands of in-person and online traders from across Africa and the Middle East.

Further, e-commerce giant Alibaba and its global digital commerce promotion institution, the electronic World Trade Platform (eWTP), were based in Zhejiang, with eWTP hubs in Ethiopia and Rwanda, Johnston said.

Yun Sun, head of the Stimson Centre's China programme in Washington, said Zhejiang had a long history of pushing for economic engagement with Africa. "Given Zhejiang's industrial endowment and its prioritisation of foreign trade, this should not come as a surprise," she said.

However, Sun said "the challenge is whether China could break free from the self-imposed Covid-19 restrictions". "At the current rate, China's priority will have to be domestic economic growth and social stability," Sun added.

David Shinn, an expert on China-Africa relations at George Washington University's Elliott School of International Affairs, said Chinese provinces had a history of engaging with other countries, especially in trade, investment, education, tourism, and culture.

"Beijing has encouraged these contacts but retains control over foreign policy," Shinn said.

Shinn said Zhejiang had been especially active in Africa, with Zhejiang Normal University a leader in education cooperation as both the base of the Institute of African Studies and having trained more than 8,000 African students. "Zhejiang has a tourism exchange programme with Zimbabwe, Tanzania, and Ethiopia," he said.

However, Shinn said "if past practice is an indication, not all of these projects will materialise, but they nevertheless represent a significant investment". "The ultimate goal of most Chinese provincial engagement in Africa is to make a profit."

In a recent report co-authored by Beijing-based consultancy Development Reimagined, the China-Africa Business Council (CABC) said Zhejiang had adopted a "bottom-up" interaction mechanism to promote China-Africa cooperation with the strong involvement of civil forces, including private companies, service centres, research institutes, and local chambers of commerce.

In addition, as one of the first provinces in China to start implementing e-commerce, Zhejiang has also highlighted e-commerce and overseas warehousing in its cooperation with Africa.

The total trade between Zhejiang and Africa reached US$43.4 billion in 2021, an increase of 17.2 per cent over 2020, placing it among the top trading partners with Africa.

CABC's report said that as one of the key manufacturing hubs and textile centres in China, Zhejiang had diverse exports to Africa, from light industrial products to a combination of mechanical and electrical products, car parts, and other industrial products.

"Zhejiang imports not only commodities from Africa but also more value-added products, such as red wine from South Africa and coffee from Ethiopia," the report said.

Click here for more details

Source: scmp.com- Dec 04, 2022

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Jersey, T-shirt to be top performing apparel products globally by 2025

Jerseys and T-shirts will be the top performing products in the apparel segment during 2020-2025. The global jersey market is expected to grow at a compound annual growth rate (CAGR) of 6.78 per cent in this period, while that of T-shirts may grow at an annual rate of 6.55 per cent. Global apparel market is expected to grow at 4.50 per cent to reach $1,574 billion by the end of 2025.

The global market of jerseys will grow to $311.78 billion by 2025. The product's market size was $226.16 billion in 2017, $243.83 billion in 2018, $264.30 billion in 2019, $224.60 billion in 2020 and $243.47 billion in 2021, according to data obtained from Fibre2Fashion's market insight tool TexPro.

As for T-shirts, the global market is expected to reach $220.75 billion by 2025 from $157.10 billion in 2017.

Trousers and shorts will remain the largest category of apparel in terms of global market size. But the growth rate will be mild compared to the some of the other categories. Its market size will grow at the rate of 3.84 per cent to reach $403.68 billion by 2025 from $354.38 billion of 2017.

Global market of shirts is expected to reach $173.14 billion (CAGR: 3.07 per cent), coats, jackets and blazers at $159.38 billion (CAGR: 3.09 per cent), suits, dresses and ensembles at $116.17 billion (CAGR: 3.33 per cent), innerwear at $79.32 billion (CAGR: 3.01 per cent), babywear at $58.09 billion (CAGR: 2.49 per cent), skirts at $29.01 billion (CAGR: 4.97 per cent) and nightwear at $23.55 billion (CAGR: 4.75 per cent).

The total apparel market size will grow at the rate of 4.50 per cent to reach $1,574 billion by 2025 from $1.387.74 billion in 2017, as per TexPro.

Source: fibre2fashion.com- Dec 05, 2022

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Vietnam, New Zealand eye 2 billion USD in bilateral trade

Economic and trade partnerships have always been one of the bright spots in the Vietnam - New Zealand relations, and the two countries are striving for 2 billion USD in bilateral trade by 2024.

Chairman of the National Assembly Vuong Dinh Hue is paying an official visit to New Zealand from December 3 to 7, which is also expected to open up many new opportunities for trade ties.

Despite the COVID-19 pandemic, bilateral trade turnover still reached 1.3 billion USD in 2021, up 26.7% year on year. It increased 14% from a year earlier to stand at 1.2 billion USD in the first 10 months of 2022, including 602.2 million USD in Vietnam's exports (up 12.8%) and 623.2 million in imports from New Zealand (up 15.2%).

The two economies are complementary to each other. The commodities in demand in New Zealand include electronic devices, apparel, footwear, wood products, tropical farm produce, and fishery products. Meanwhile, Vietnam has demand for dairy materials and products, wine, mutton, fruits, timber, and textile - garment and leather - footwear materials from New Zealand.

Notably, both are members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partneship (RCEP). New Zealand currently ranks 36th among the trading partners of Vietnam.

The Vietnamese Trade Office in New Zealand said as both countries have joined several free trade agreements (FTAs), tariff and non-tariff barriers are being lowered or have been lifted, which is a big opportunity for Vietnamese goods to enhance competitiveness over rivals from the countries without FTAs with New Zealand.

Besides, amid international trade friction and the complex COVID-19 pandemic, more and more enterprises of New Zealand are paying attention to goods from Vietnam, especially apparel and building materials.

However, the office noted, challenges are considerable since New Zealand has high technical barriers for agricultural, fishery, and food products. So far, this country has just licensed mango, dragon fruit, rambutan, tra fish, and processed food from Vietnam. High costs and long duration of transportation due to geographical distance also boost prices of Vietnamese goods compared to some other countries' rivals.

Bilateral trade has yet to match potential, the office said, adding that with a population of about 5 million, New Zealand's export demand is higher than import. The five biggest exporters to this country, namely China, Australia, the US, Japan, and Germany, have already made up a relatively high proportion of New Zealand's imports.

To achieve the 2-billion-USD bilateral trade by 2024, the office recommended a methodological and long-term strategy be issued to boost Vietnam's export to New Zealand, and enterprises work closely with importers to ensure their products meet the market's standards and regulations.

The Asia - Africa Market Department under the Ministry of Industry and Trade said Vietnamese businesses should proactively learn the FTAs to which both Vietnam and New Zealand are members so as to fully tap into preferential treatment related to tax and product origin.

They should also actively take part in trade promotion events and business networking programmes to seek partners and advertise products while seriously adhering to the market's import standards, the department added.

Source: en.vietnamplus.vn- Dec 05, 2022

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Bangladesh: RMG export to the US rise by 50.98% in Jan-Sep of 2022

RMG exports to the United States experienced year-on-year growth of 50.98% to $7.55 billion in the January-September period of 2022, according to the most recent data from the Commerce Department's Office of Textiles and Apparel (Otexa).

In the same period last year, Bangladesh exported apparel items worth $5 billion to the US, the single largest destination of the country's RMG products, Otexa data said.

Securing the third position, Bangladesh has a 9.52% share in the apparel market of the North American country.

According to the Otexa data, in the same period, the overall US apparel imports reached $78.85 billion, noting a 34.61% y-o-y rise, up from $58.58 billion in the January-September period of 2021.

The data also showed that the single-month apparel export earnings from the US in September grew to $912.91 million from $678.09 million in the same month last year.

According to the Otexa data, Bangladesh earned $755.94 million in January, $688.47 million in February, $1.03 billion in March, $820.52 million in April, $815 million in May, $906 million in June, $693.22 million in July and $928.56 million in August of this year.

However, the manufacturers in the country said that there is a gap of two months in publishing Otexa data.

Moreover, the global situation has changed due to economic turmoil, inflationary pressures and other issues which led to a decline in orders, which caused negative growth since September, a narrower growth in October and comparatively better growth in November.

So, they are now observing the situation in the coming months.

According to the data, China and Vietnam occupied the first and the second highest positions respectively in the US market as of September 2022.

US apparel imports from China in the January-September period of 2022 experienced a growth of 28.94% to $17.72 billion from $13.74 billion in the same period of 2021, proclaiming the first position with a market share of 23.16%.

Vietnam exported apparel items worth $14.59 billion in the January-September period of 2022, fetching a growth of 34.69% from $10.83 billion in the same period of last year, claiming a market share of 17.8%.

India secured the fourth position by exporting apparel items worth $4.63 billion in the January-September period of 2022, registering a growth of 53.39% from $3.02 billion in the mentioned period of 2021, with a market share of 5.7%. RMG imports of the US from Indonesia in the first nine months of 2022 increased by 53.39% to $4.44 billion while the imports from Cambodia grew by 46.58% to $3.52 billion in the same period, which made them the fifth and sixth with a market share of 5.61% and 4.43% respectively.

Talking to Dhaka Tribune, Mohiuddin Rubel, director of the BGMEA said that as one of the top three competitors, the market share gap with the other two competitors is very high for Bangladesh. “But our growth rate is higher than theirs, which is a positive aspect,” he added.

He also said that this growth is actually an outcome of the successful response to the Covid-19 pandemic. “We have been proactive during the pandemic. We followed strict hygiene rules and were vigilant about compliance. Due to that, we retained the trust of the US buyers,” he added.

Moreover, due to many issues, they are moving back a bit in terms of sourcing from China and Bangladesh is getting those orders. This is also reflected here, he added. However, manufacturers also said that they should not depend on the European or North American market only. Instead, they need to find new markets in East Asia, the Middle East, India and other regions.

In 2021, Bangladesh exported apparel items worth $7.14 billion to the United States.

Source: dhakatribune.com- Dec 04, 2022

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Pakistan: Exporters demand immediate refunds

The exporters Sunday demanded immediate refunds of Rs200 billion from Federal Board of Revenue (FBR) to avoid units closure amid liquidity crunch.

Talking to a delegation of exporters led by Kaleem Ullah Anjum, Coordinator to Federal Tax Ombudsman Meher Kashif Younis said Pakistan textile industry is likely to lose global markets because of various taxes, levies, presumptive taxes and surcharges, making the exports 10 percent costlier against the regional competitors hence, it's the dire need of the hour that government must adopt pro-exports policy to boost the exports manifolds.

Meher Kashif Younis said with the withdrawal of zero rated regime and the implementation of a 17 percent GST on export oriented sector, the cost of doing business has increased to unsustainable levels.

Expressing concern over unnecessary delay in payment of exporters' sales tax refunds, after witnessing a historic hike, the textile exports fell by 15.23 percent in October mainly because of the exporters were experiencing an extreme liquidity crunch.

He said textile exports are expected to increase from $19.35 billion to $25 billion this year and $50 billion over the next half decade. He said as the stuck up refunds and tax credit of export oriented industries swelled to over Rs200 billion in the current fiscal year, if not cleared timely, will cause closing down textile units as severe liquidity crunch made it impossible to continue their operations in these odd circumstances.

He said data showed the refund payment order worth Rs45 billion is pending since Oct 16 with FBR while deferred sales tax refund edged upto Rs55 billion in the last half year.

Source: nation.com.pk- Dec 05, 2022

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Pakistan: Weekly Review: Cotton prices remain stable

An alarming drop of 2.9 million bales was seen in cotton production. Total production is expected to be around 4.8 million bales. About 7 million bales of cotton will have to be imported. At present, import contracts of around 5 million bales have been signed. Cotton prices in the domestic and international cotton markets remained stable after fluctuations. Business volume remained very low.

As per speculations of international experts there will be no increase in cotton prices in the cotton season of 2022-2023.

The textile and ginning sector is facing difficulties in importing cotton from abroad because of the high rate of dollar, increase in the rate of New York Cotton and due to the difficulties in opening Letter of Credit for import as well as restrictions in China due to corona pandemic. Due to above mentioned reasons local textile and ginning mills are showing interest in buying local cotton.

In the domestic cotton market, cotton prices remained overall stable during the past week. Textile and Spinning Mills are in dire straits. Some mills are involved in cautious buying as per requirement.

According to textile sector sources, textile mills are running at around 50% capacity. Due to severe recession in cotton yarn and textile products stock is piling up in mills. Ginners are also facing huge loss as they have stock of high quality cotton. The industry is in huge financial crisis. The textile industry, ginners and the people related to cotton business are facing difficulties.

On the other hand, cotton prices are fluctuating in the international cotton markets. The rate of Future Trading of New York cotton market for the month of March after decreasing reached at 79 American cents then jumped at 87 American cents per pound and closed at 82.50 American cents per pound. Similarly, the price of cotton in India after decreasing is in between Rs 63,000 to Rs 69,000 per candy (356 kg).

International cotton experts believe that between the current 2022-23 cotton season there will be recession in cotton demand and prices and it is expected that closing stock of cotton will continue to increase while cotton consumption will remain low due to which there is a little hope of

an increase in cotton prices. Textile mills should do business very carefully.

Due to the conflict between Ukraine and Russia, there is a crisis globally and due to the increase in interest rates in the United States and Europe, people prefer to buy mostly food items, due to which the purchase of commodities is very low. Banks are refusing to open L/C due to the strong increase in the value of the dollar, especially in the open market, due to which especially the importers and exporters are disturbed because their goods of worth billions of rupees are struck on the port.

On the other hand, Federal Finance Minister Ishaq Dar has withdrawn from the promise to reduce the value of the dollar to 200 rupees, due to which industrial and retail circles are very much disturbed. Moreover, due to Ishaq Dar's promise to reduce the value of the dollar, the business and industrial circles reduced the business, which caused irreparable damage to the country.

The rate of cotton in Sindh and in Punjab is in between Rs 14,500 to Rs 17,000 per maund. The rate of Phutti is in between Rs 5,000 to Rs 8,000 per 40 Kg. The rate of cotton in Balochistan is in between Rs 15,000 to Rs 17,000 per maund and the rate of Phutti is in between Rs 6,000 to Rs 8,200 per 40 Kg. Due to extraordinary decrease in the production of cotton in the country the increasing trend in the rate of Banola and Khal continued.

The Spot Rate Committee of the Karachi Cotton Association closed the spot rate at Rs 16,500 per maund.

Chairman Karachi Cotton Brokers Forum Naseem Usman told that in the international cotton market bullish trend remained continued. The rate of Future Trading of New York Cotton closed at 82.50 American cents per pound.

According to USDA's weekly export and sales report, sales for 2022-23 were 16,500 bales. India topped the list by buying 5,700 bales. Indonesia was at second with 4,200 bales. Pakistan bought 3,500 bales and stood third.

12,300 bales were sold for the year 2023-24. Turkey was on the top after purchasing 11,000 bales. Pakistan was second with 13,000 bales.

Seed Cotton (Phutti) equivalent to over 4.2 million or exactly 4,280,500 bales have reached ginning factories across the country till December 1, 2022 registering a decrease of 40.28 percent as compared to the corresponding period of last year.

According to a fortnightly report of the Pakistan Cotton Ginners Association (PCGA) released on Saturday, over 4.1 million or 4,159,041 bales have undergone the ginning process i.e converted into bales.

Cotton arrivals in Punjab were recorded at over 2.5 million or 2,515,167 bales registering a decrease of 31.63 percent as compared to the corresponding period of last year when arrivals were recorded 3,679,016 bales. Sindh generated over 1.7 million or 1,765,333 bales registering decrease of 49.40 percent as compared to the corresponding period of last year when arrivals were recorded 3,479,102 bales.

Textile mills bought 3,568,857 bales while exporters purchased 4900 bales and the Trading Corporation of Pakistan (TCP) didn't buy during the cotton season 2022-23.

Sanghar district of Sindh topped with cotton arrival figure of 807,529 bales followed by Bahawalnagar district of Punjab with 453,586 bales. Total 404 ginning factories were operational in the country. Exactly 706,743 cotton bales of unsold stock were available in ginning factories.

Naseem Usman, chairman of Karachi Cotton Brokers Forum, while commenting on the report, said that this season, the country will be able to produce barely 4.8 million bales of cotton, thus the country's textile mills, which are currently running at about 50% capacity.

This year the total production of cotton is expected to be around one crore ten lac to twenty lac bales. It is expected that around 6 to 7 million bales will have to be imported from foreign countries. At present, according to the cotton importers, import agreements for about 5 million bales have been made.

Meanwhile, Pakistan Cotton Brokers Association PCBA commented on PCGA's monthly production report for November and gave useful suggestions to increase cotton production. In the recent past, we had acquired more than 14.7 million bales and gradually we went into decline and decline. We have to decide now that either we should think seriously about becoming a cotton import based country like Bangladesh and Vietnam or make sincere efforts for revival of cotton.

The biggest loser in this whole situation is the PCGA which is extremely weak like other institutions of Pakistan. The institution is unable to save its interest of worth billions of rupees. Cotton seed has the important role in the whole game and our ginners had played an important role in destroying it. Dozens of factories are engaged in making uncertified cotton seed and this mafia is so strong that no one can ask anything from them.

Afghani cotton in our country is available at 5% trash and 8% moisture. Every year the production of Afghani cotton is increasing as well as quality and contamination is also improving. While our quality as well as production is deteriorating. We make poor quality cotton and try to get the same price as American cotton. And that's why our buyer is focusing more on imported cotton. We have to understand that this is a business and we have to strive to achieve quality.

Source: brecorder.com- Dec 05, 2022

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NATIONAL NEWS

Govt in an overdrive to create trained manpower for Gati Shakti

Over a year after rolling out the PM Gati Shakti initiative to cut delays and cost overruns involving large infrastructure projects, the government is on an aggressive capacity-building drive.

It has identified more than 100 universities across 32 states to offer courses on Gati Shakti and create trained manpower to handle various aspects of the multi-modal connectivity infrastructure that this programme envisages, official sources told FE.

“This is going to be one of the biggest drives to create capacity for a single government programme. It signals the importance that the government attaches to co-ordinated infrastructure planning and execution,” said an official.

At the same time, the government has already organised over 50 workshops in recent months to train its own officials across key infrastructure departments to better implement this programme.

Creating a vast pool of trained manpower in the coming years will help not just the government but also private sector players who are engaged in the infrastructure sector, said the official. The Gati Shakti initiative is being spearheaded by the department for the promotion of industry and internal trade.

The PM GatiShakti National Master Plan was launched by Prime Minister Narendra Modi on October 13 last year. It is essentially a GIS-based platform with 1,994 layers (and rising) that captures all utilities and network linkages in various economic clusters.

Under this initiative, different departments join hands for a coordinated development of projects, especially to address first and last-mile connectivity issues and reduce logistics costs.

Trained manpower and capacity building assume importance, as the government has come out with a new logistics policy to trim such costs to about 8% of GDP from 13-14% now in five years to bolster trade competitiveness. It has also set ambitious medium-term targets for various infrastructure ministries, which are to be realised by effective implementation of large projects through the Gati Shakti initiative.

For instance, the cumulative highways construction under the ministry of road transport is now targeted to be raised to 200,000 km by FY25 from 141,190 km in the last fiscal. Similarly, the freight loading by the railways will be enhanced to 1,600 million tonnes by FY25 from 1,410 million tonnes in FY22.

The number of airports, heliports, water aerodromes, including those under the UDAN scheme, are targeted to be increased to 220 by FY25 from 140 in FY22. The cargo handing at ports is to be raised to 1,759 million tonne per annum (MTPA) from 1,189 MTPA. The 20,000-km-long oil and gas pipeline network in the country will be extended to 34,500 km by FY25.

Through the Gati Shakti initiative, the government intends to bridge India's infrastructure deficit which owes more to inefficient project implementation rather than financial constraints.

According to the official data, as many as 393 infrastructure projects, each entailing an investment of Rs 150 crore or above, witnessed cost overruns of as much as Rs 4.66 trillion until August. While the total original cost of 1,526 projects that are under execution was Rs 21.26 trillion, their anticipated completion cost is now likely to shoot up to Rs 25.92 trillion, reflecting a cost overrun of almost 22%.

Source: financialexpress.com- Dec 05, 2022

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Becoming 'the next China' won't save India from 2023 economic slowdown

It's not immediately obvious that the global slowdown has also arrived in India: Investments in factories, roads, and other fixed assets are just shy of 35% of domestic output; they haven't been this high in 10 years. Loan demand is growing so fast that deposits can't keep up.

What's driving India's animal spirits amid a worldwide malaise? Some of it is a result of the economy reopening fully. Contact-based services like travel and hospitality came back sharply from their pandemic funk in the first half of the year, fueling optimism. The other oft-cited reason is what multinational corporations refer to as their "China+1" strategy.

Global manufacturers have taken note of the violent protests by locked-down workers at Apple Inc.'s most important iPhone assembly plant in China. Their search for risk mitigation is bringing them to the second-most-populous nation, which is offering generous subsidies for making everything from semiconductors and solar panels to electric-vehicle batteries and textiles. It's a compelling combination of push and pull.

But China+1 is not going to be of much help in averting a near-term economic slowdown. For one thing, the ramp-up in capital expenditure has been driven by the federal government. Persistent above-target inflation gave it extra tax resources, and it pumped them into infrastructure.

The private sector followed suit, even though it faced a margin squeeze from not being able to fully pass on higher costs to consumers. India's banks, eager to bulk up their post-pandemic asset books, have been more than willing to help firms tide over their cash-flow crunch. As a result, the combined capital expenditure by the federal and state governments as well as large publicly traded companies this fiscal year may exceed 21 trillion rupees ($258 billion), double the annual investment rate between 2016 and 2018, according to ICICI Securities.

There's a flipside to this happy story, though. Now that the pent-up consumption from the pandemic is exhausted, the double whammy of high inflation and indirect taxes — the source of buoyant government revenues — is starting to pinch average- and low-income households.

Nomura's consumption tracker fell from 11 percentage points above its pre-pandemic reading in the June quarter to below that level in October. It's hard to see 2023 as a great year for the urban middle-class as global tech-industry layoffs affect jobs and capital availability for startups. Rural demand is anyway sluggish, according to consumer-goods companies.

"We believe India's growth rate cycle has peaked and a broad-based slowdown is under way," Nomura analysts wrote last week after gross domestic product expanded 6.3% in the September quarter, less than half the rate of growth in the previous three months. In their estimate, the full-year rate at the eve of India's general election in the summer of 2024 may be 5.2%.

Leaving out the pandemic years, that will be the nation's second-worst rate of economic growth in more than a decade. It will put question marks around Prime Minister Narendra Modi's expensive industrial policy push. The country needs more public spending to narrow the severe learning deficits in students caused by Covid-19, fill large gaps in public health care, and tackle climate change.

Those challenges are immediate, whereas the supply chains India is hoping to set up from scratch by throwing subsidies at investors — and offering them the protection of high tariff barriers — are a long-term gamble.

Only 15% of the $33 billion in private investment approved by the government under its production-linked incentive program has fructified so far; fewer than 200,000 jobs were created as of September, compared with expectations of around 6 million, according to official data cited in an article on Quint, a news website.

Even if the West's estrangement with China deepens, or if the much-anticipated end to President Xi Jinping's Covid-19 policies gets postponed, there's nothing to suggest that private investment will do much heavy lifting for India next year.

That's also because exports are starting to slow down for most Asian suppliers: Shipments out of India hit a 20-month low in October. The recent GDP data shows clear signs of the country's industrial sector losing momentum. The unemployment rate has risen to 8%.

The policy playbook for New Delhi appears rather thin. Yes, local interest rates will top out in early 2023, but not before taking the total tightening in the current cycle to over 2 percentage points. Financial conditions could become harsher still. If the war in Ukraine escalates — or if China suddenly drops its stringent virus controls — a shortage of commodities relative to demand could again flare up. That will crimp cash flows for Indian firms, sending more of them to seek external financing to meet their stretched working-capital needs. Banks, under pressure to raise deposit rates to shore up their liquidity position, may not be as accommodating of credit risk as they have been this year. If they are, they'll only be storing up trouble for later.

The growth outlook for India next year is subdued. Just how tough it could get depends on how badly the global economy sputters. There will be long-term benefits from positioning India as an attractive second destination for producers trying to curb their China exposure. But the wisdom of staking $24 billion of public funds over five years to accelerate a shift in global supply chains is bound to get questioned, especially if India in 2024 finds itself in the same low-growth rut that had propelled Modi to national power in 2014.

Source: business-standard.com- Dec 05, 2022

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Why does India continue to have an export problem? Sociology may answer

The latest trade data once again show that India hasn't been able to solve its export problem. Over the last 75 years, India has succeeded in solving many problems. Food, health, education, low GDP growth rates, and much else. But there is one problem it has been unable to solve — exports.

At least a dozen committees over 60 years have tried to find solutions. The government itself has been straining hard to provide all kinds of incentives. All manner of policies have been tried. Nothing has worked.

India, despite its amazing businessmen, remains a poorly performing exporting country. Even the success of IT exports is really labour export in a disembodied form.

So in sheer desperation, because India can't afford to have a return of the foreign exchange constraint, the Modi government has gone back to import substitution. And as we can see from the burgeoning imports from China, even that has failed.

Hence my question: when economics has failed to provide the answers and explanations to this persisting failure, should we look elsewhere for the solution? Do the answers and explanations lie in politics? Do they lie in sociology?

For instance, is something about our business communities responsible for this failure? Is it the nature of our political and administrative structure? Or is it a combination of all these things?

To the best of my knowledge, there hasn't been any attempt to approach the export problem from these non-economic perspectives. That's why I think ICRIER, RIS, IIFT etc., should consider these aspects.

Sociology had started strongly in the 1950s, but by the end of the 1980s, it had lost its dynamism. It is no coincidence that behavioural economics began in the early 1970s and quickly led to a sub-discipline called the sociology of economics. But the tools of analysis and data were missing.

Meanwhile, sociology went off track when it refused to study anthropological groups and chose instead to focus on randomised groups of individuals, like people in a waiting room or a classroom. It choked itself.

Indian economists, of course, never went anywhere near the subject. Even the Delhi School of Economics, usually at the cutting edge, never had a course on it despite its mere 25-yard proximity to the department of sociology, which was thought to be for girls while real men focused on economics.

As a result, we have a huge gap in our knowledge, a practical example of which is that we don't know why the economic policy has failed so spectacularly in respect of exports. Persuasion, incentives, likely profits, nothing works.

As to the political aspect, it mostly has to do with keeping domestic supply up. This has led to policy flip-flops that discourage businessmen from getting into exports. And insider information about policy changes has played a critical role.

Nor have political parties and governments given any priority to exports in terms of allocating land, building infrastructure, providing electricity and subsidised finance. And there's always the administrative aspect. Rules keep changing, which also discourages businessmen from the export business.

As for our businessmen, exports require a completely different mindset than when supplying domestic demand. You can't have shortcuts in quality and delivery. Most Indian businesses do not understand this and therefore take up exports as an addition to an existing business, not the main business. The difference between the two is vast. Labour and management are equally at fault because neither has been trained to understand export parameters as a completely different field.

Source: business-standard.com- Dec 05, 2022

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Emerging AI: What awaits us?

“I will not go to college today if you don’t buy me a nylon saree,” I heard the sobbing voice of my sister talking to our parents.

“What is wrong with the half a dozen sarees we have bought you for college?” I heard our mother ask.

“They are all cotton sarees — only old women wear them!” I heard my sister say, again in a sobbing voice.

This memory is from the 1960s, when I was a high-school student and my sister had just entered college. I found myself remembering this scene just the other day, nearly 60 years later.

What was it that brought this apparently trivial incident back to my mind? Well, let me for a moment go back to that time: My parents pacified my sister by getting her the nylon sarees she wanted as apparel for the “modern” girl. Fast forward to today. Today, in the 2020s, not one of my women friends/relatives would agree to be seen in a saree made of anything remotely synthetic, let alone nylon. What is it that transforms something from a symbol of modernity to something to be avoided?

Will something similar happen to our current enthusiasm for artificial intelligence/digital revolution/machine learning/deep learning, to use some of the words that describe the things that capture the headlines of our everyday life today?

Maybe we can decode why such things happen if we study the path of the chemical revolution, which was a technological wave as major as artificial intelligence (AI) is today.

The chemical revolution started in a small way in the late 18th century, rose to a peak in the 1960s, and then slowly faded away to such an extent that anything “plastic” has become synonymous with “pollution” and demands are made on all that only “recyclable” plastics be used, including, for example, that tea ought to be served in perfectly biodegradable and environment-friendly earthen cups instead of plastic ones.

The much-despised synthetic chemicals of today were at one time the pride and envy of the whole world. Synthetic chemical fertilisers and pesticides came into force in the early 1900s and helped increase food output dramatically and thus served to prevent starvation.

In the early 20th century, synthetic chemical drugs such as penicillin, and vaccines against measles, mumps, chickenpox, rubella, and hepatitis saved the world from a wide variety of diseases. Innovation around the properties of combustion of gases led to the invention of the internal combustion engine and thus the birth of motorised vehicles like cars. And then, in the 1960s chiffon sarees made from polyester or nylon became the rage in India and featured in many Bollywood movies of that time.

While all this was going on and businesses that brought all these wonderful products to the market were booming and widely lionised by the media, there were earth-shaking negative effects under way as well.

The most earth-shaking of these during the chemical revolution and the spread of nylon and polyester sarees, and shirts and trousers (and even dhotis and kurtas) was the crash and burn of cotton textile spinning and weaving mills. In Bombay alone over a 100 cotton textile mills shut down. The pattern of such closures again is worth noting. As a first step, they saw a fall in sales, which gradually increased to a point that mills had to cut bonuses, and then refuse pay increases and struggle to pay basic salaries.

Then the 200,000-odd workers affected by this formed militant unions and went on strike. As the technology wave worked its way further, the cotton textile mills closed down. This is exactly what happened in Bombay textile mills (and cotton textile mills in other parts of India as well) in the early 1980s.

Unfortunately, even today, if you ask what caused the Bombay textile mills' collapse in the 1980s, you get the answer "Dutta Samant and the unions" (Dutta Samant was an aggressive union leader leading the Bombay textile mill workers' union and was assassinated in 1997). While this raucous drama was being enacted, the silent, creeping effect of the invasion of synthetic textile technology lay hidden under the surface and was rarely discussed then or, I should add, even now.

One of the side effects of this spread of chemical technology was the boom in the number of manufacturers of toothpastes and washing soaps and liquids and such conveniences of day-to-day life. Colgate, Unilever, and a hundred others are creatures of this chemical revolution. What was interesting was that this availability of chemical technology was so widespread that manufacturers were unable to differentiate their products on real physical features, so the next miracle happened: The advertising agency was born and took on the job of differentiating products on “image” ... perception of products created in the citizens’ minds by the skilful use of “creative advertising” in newspapers and magazines first, and then in cinema and on television. The plentiful advertising money which flowed to sell the “commoditised” products of the chemical revolution also led to a boom in newspapers, magazines, cinema and TV as a side effect. The hidden hand of the chemical revolution behind all this was rarely noticed or discussed.

And now, here are some points to ponder: As the AI revolution works its way through society, what new industries will it create? What current industries will it erode? What new jobs will be created and what jobs will disappear? But most important, what practices that we now throw away as “old-fashioned” and not befitting the “modern” AI-dominated world will stage a comeback, like the cotton saree did? What thoughtful policy initiatives will guide us as a country through this complex journey that lies ahead of us?

Source: business-standard.com- Dec 04, 2022

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FinMin rejects provision for tax benefits to SEZs under DESH Bill

The Union finance ministry has turned down the commerce ministry's proposal to provide tax incentives to units set up in special economic zones (SEZs) as part of the Development of Enterprises and Services Hub (DESH) Bill, 2022, holding that it would "create havoc" for units outside such zones.

It has been explicitly communicated that they (the commerce department) should do whatever it takes to make the scheme beneficial to encourage these units but tax incentives should be kept out of the scheme. Such concessions under the proposed scheme may help one identified sector, but it will create havoc for the other business units. So it has been suggested that one should not create islands of no taxation within the country," a senior finance ministry official privy to the development told Business Standard.

First proposed by Finance Minister Nirmala Sitharaman in her FY23 Budget speech in February this year, the DESH Bill aims to replace the existing special economic zone (SEZ) law. "This will cover all large existing and new industrial enclaves to optimally utilise the available infrastructure and enhance competitiveness of exports," Sitharaman said.

Key tax proposals under the Bill devised by the commerce ministry include allowing SEZ units to sell in the domestic tariff area (an area within the country that falls outside the zones) on payment of duties foregone on raw materials. It also offers a concessional corporate tax rate of 15 per cent for an extended period to greenfield as well as brownfield units in such development hubs.

With the revenue department in the finance ministry objecting to the proposed benefits, the government may have to modify the Bill and that can delay the implementation of the proposal of the Bill. According to sources, the Bill is unlikely to be presented in the upcoming Winter Session as the scheme needs to be reworked.

Further explaining the rationale, the official said that if the proposal under the DESH Bill to allow SEZ units to sell within the country is accepted, the country will have one business unit which is in a "DESH area" and is not

required to pay taxes, another similar unit in “videsh area” which is required to pay taxes.

“This will lead to conflict and disparity which is not the idea,” he added.

Experts too feel that tax incentives should be examined carefully. "Providing fiscal incentives to identified sectors or business areas in terms of the DESH scheme should be carefully calibrated as the objective is to make them more competitive in the global arena,” said M S Mani, partner, Deloitte India.

Source: business-standard.com- Dec 05, 2022

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India's fabric

Demand for sustainable or organic cotton on the rise, providing an opportunity for the country to excel

A few years ago, images of the drying up of the eastern bed of the Aral Sea had shocked millions. It was linked to the widespread growing of unsustainable cotton, backed by the Uzbekistan government, to pocket greater forex earnings and satiate the demands of the global fashion industry. The demand for sustainable or organic cotton is increasing to prevent such disasters.

A silent revolution was first effected through the market-based sustainability certification standard. These global standards aimed at overcoming the use of toxic pesticides, the overuse of chemical fertilisers, excessive water use, poor working conditions for agricultural labour, frequent instances of child labour and so on. As a result, over the last decade, the share of sustainable cotton has increased from 1% in 2009 to 26% in 2019-20.

India is the world's second-largest producer of cotton. The textile industry, dominated by cotton fibre, accounts for nearly 60% of the total manufacturing and more than 2% of India's GDP. The sector is a significant forex earner, accounting for 40 billion USD, equivalent to 12% of the total exports of the country.

India has set an ambitious target of 100 billion USD for cotton and textile exports by 2025-26. This will require enhanced integration of India's cotton sector into global supply chains. India is an important sourcing country for major apparel and home furnishing global retailers. Furthermore, traditional supply chains have come under the scanner of global buyers due to sustainability concerns. If India accelerates adoption and implementation of MSCS cotton, its true potential in the sector can be realised sooner rather than later.

Important lessons

MSCS cotton has demonstrated significant environmental and economic benefits. The Result Indicator report published by Better Cotton Initiative indicated a 9% improvement in yield and 23% increase in profitability among cotton farmers. It has also seen a 10% reduction in water use for

irrigation, 15% reduction in the use of chemical fertilisers and 19% for pesticides. According to a WWF India 2020 report, the reduction of greenhouse gas emissions ranged between 43% and 66% across various MSCS. Moreover, MSCS' cotton growth is aligned with the Indian government's development paradigm, which prioritises sustainable agriculture, as well as with India's commitment to the United Nations' Sustainable Development Goals.

A favourable environment is already being created through massive promotion by the Niti Aayog pouring government investment in natural farming through the repurposing of the National Centre for Organic and Natural Farming, which promotes organic and natural farming. This behemoth could be used tactically to integrate MSCS.

Lessons can be learnt from myBMP cotton in Australia, the Trust US Cotton Protocol, and the Cotton Value Revitalization Plan in Mozambique where nationally driven sustainability initiatives are integrated with the global cotton sustainability space. Similarly, the Participatory Guarantee Scheme, a locally-led quality assurance under the NCONF, can be aligned with MSCS' requirements.

The government should create an enabling environment for digital innovation and provide necessary infrastructure support in order to modernise the agriculture extension system, contribute to the production of sustainable cotton, and create a platform for buyer and seller interaction.

Collaboration among the government, private sector, and MSCS organisations is essential along with industry consultations, trade policy reforms, strategic investment in technology and the identification of conducive geopolitical opportunities.

Source: telegraphindia.com- Dec 05, 2022

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Wooing Europe with investor-friendly free trade deal

India has suddenly become active in hammering out free trade agreements (FTA), wooing high-profile partners such as post-Brexit UK, Canada, the Gulf Cooperation Council, Israel, and the EU, as well as done-deals involving Australia (ratified by Parliament Down Under on November 22) and the UAE (in force since May).

This is particularly significant in terms of dispute resolution under such FTAs, given India's current protectionist policies to expand domestic manufacturing under its 'make in India' initiative, and the related increase in customs duties and price controls.

EU-India FTA

At the time of writing, the EU and India are engaged in the third round of talks on a proposed FTA. The EU is among India's top three trading partners, accounting for more than a tenth of the latter's trade. Relaunched in June this year, after a gap of almost a decade, the talks also include a separate agreement on investment protection (IPA).

The IPA negotiations aim to provide a more predictable investment environment, including reciprocal commitments on non-discrimination and fair treatment — even while preserving a sovereign right to regulate. Importantly, such discussions also seek to establish a dispute settlement mechanism different from the extant model involving investor-state arbitration (ISA). The previous talks in October, for instance, focused on the EU's proposal for an 'investment court system' (ICS) that is already embodied in its FTAs with Canada, Vietnam, and Singapore.

ISA vs ICS

What ISA entails — granting a private individual or company the right to sue a sovereign nation over an investment dispute before a party-appointed tribunal — is a revolutionary innovation under international law. The trade regime, for example, has no equivalent. In fact, no other category of juristic persons has as expansive rights as foreign investors do under such treaties.

Nevertheless, ISA has a history of 'depoliticising' disputes (that is, preventing them from snowballing into inter-state conflict — including trade wars) by giving foreign investors access to judicial remedy without involving their home state. Further, ISA provides enough regulatory space for developing countries to nurture local industries even while receiving funds from foreign investors, bringing net gains to host states and investors alike.

However, negotiations for the Transatlantic Trade and Investment Partnership (TTIP) between the EU and the US ended in 2016-17 mainly because of ISA, with the reasons including public protests.

Prolonged criticism of ISA has finally led to calls for a world investment court. The EU, in particular, has championed this idea. The EU has not only signed treaties that replace ad hoc arbitration with a system of 'standing' bilateral courts, but also contemplates a multilateral permanent court in the future. As India prepares to engage with this template during its IPA negotiations, it needs to check whether it wants to say 'yes' to the European proposal.

Source: thehindubusinessline.com- Dec 04, 2022

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India's factories in ICU

INDIA is the lone shining star in the middle of a global economic downturn. If you haven't heard that on your WhatsApp group, then you would have heard it being spouted by some 'expert', or by your favourite prime-time news anchor. And if you look at official numbers, this assessment would appear to be completely justified. But the truth is far more complex.

Take the latest GDP numbers for the second quarter of this fiscal. On the face of it, it is disappointing but not bad; 6.3% is creditable, considering that the rest of the world has been floundering. But we are coming out of a much bigger recession than most other big economies. India's economy was one of the worst-hit by the Covid lockdowns, and we needed much faster growth to return to our normal growth path.

The data looks even more weak when one takes the GVA or Gross Value Added numbers. GVA growth in the July to September period this year has been just 5.6%. Break it up a bit and the real shocker will stick out like a sore thumb: the manufacturing sector has declined by 4.3%. Adjusted for inflation, it now stands at a shade under Rs 6 lakh crore, which is almost where it was in the second quarter of 2019-20, the year before Covid hit us. This is despite the fact that there were no lockdowns this time; there weren't even any masks to be seen anywhere.

Quarterly data can fluctuate a lot and can be messy, so lot of analysts tend to look at half-yearly numbers. Even here the picture is pretty grim. In the first half of this fiscal (April to September), India's manufacturing sector grew by just 0.1%. This is a comparison with the first half of 2021, when large parts of India were reeling under a killer 'second wave' of Covid. If we compare the value added by India's factories in the April-September period in 2018 with what it is this year, the average annual growth has been just 1.3%. This is barely enough to beat India's population growth rate. And that means, in terms of per capita availability of things made in Indian factories, we are exactly where we were in 2018.

This points to a serious malaise in India's factory sector, which belies all our dreams of Make in India. And it is a reversal of everything that India wanted to do when it became Independent. The objective was to create a flourishing manufacturing sector by increasing electricity generation and heavy industries, and setting up tariff walls to protect the domestic

capitalist class. This is what we have come to know as Nehruvian 'socialism'. In reality, it was a form of 'state capitalism' or 'dirigisme'.

This is evident from the fact that much of the so-called 'socialist' planning during the Nehru years shared a lot of its content with the 'Bombay Plan' drawn up by some of India's biggest industrialists. The core proposals in the plan — signed by JRD Tata and GD Birla, among others — were that India's economy needed state intervention and a robust public sector to help industry grow. It also argued that the only way to finance industrial growth was through 'created money'.

The plan understood that if money printing and deficit financing was done without regulation, it would lead to high inflation. So, it said 'in order to prevent the inequitable distribution of the burden between different classes…practically every aspect of economic life will have to be so rigorously controlled by government that… freedom of enterprise will suffer a temporary eclipse.'

In other words, there was a general consensus between the captains of industry and the 'socialist' Nehru government on the path to be taken by post-Independent India. I am not going into the merits or demerits of this policy path; my only intention is to show that industrialisation was on top of everyone's mind when India gained its freedom. There is little doubt that we faltered in that pursuit and there was a growing chorus in support of policy reform from the early 1980s.

However, it is also clear that the reforms did not improve matters for India's factory sector. The only times there have been spurts in manufacturing growth, it has been driven by credit and valuation bubbles. Corporates have invested in building capacities by raising funds from the capital markets and by borrowing from (mostly public sector) banks.

This has happened without any concomitant increase in employment or any real improvement in the buying power of 90% of Indians. So, companies have come up against the inevitable absence of demand for what they produced. Businesses invested in an overoptimistic anticipation of future demand ended up being stuck with excess idle capacity. This is one of the key reasons for the huge burden of bad loans that accumulated in Indian banking.

While the government was planning and directing investment, it could decide what and how much would be produced by domestic industry. Once the state withdrew, investments flocked to whatever appeared to be profitable. The sharp rise in inequality in India, from the mid-1980s, ensured that only a very small proportion of Indians would have the money to spend on consumer goods. Indian industry, therefore, oriented itself entirely to this top 5-10% of consumers. The rest of the population spent their meagre incomes on cheap goods from China.

It was inevitable that this economic model would reach a saturation point some day; after all, how many refrigerators, washing machines or cars can the richest few buy? Ultimately, it is this inequality that has become the biggest hurdle for manufacturing growth. And this is what makes our GDP growth hollow. The only sectors which are driving growth are construction and trade, both of which produce low-quality employment. It is a problem that needs immediate attention.

Source: tribuneindia.com- Dec 04, 2022

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Cotton yarn prices up in Mumbai; optimism persists in south India

South India's cotton yarn market was optimistic today as buying improves due to the ongoing wedding season. Cotton yarn prices of some counts and varieties rose in Mumbai. Tiruppur did not witness any price rise, but traders expect higher trade and better liquidity. Cotton prices were also high because of strong futures and limited arrival.

Cotton yarn prices in the Mumbai market witnessed an increase of ₹3 per kg for 60 and 44 counts. Improved buying supported cotton yarn and other items in the textile value chain. Speaking to Fibre2Fashion, a Mumbai-based trader said, "Buying improved in central India's cotton yarn market. Current prices are attractive, and the wedding season is most likely to boost market sentiments."

In Mumbai, 60 count carded cotton yarn of warp and weft varieties were traded at ₹1,710-1,760 and ₹1,620-1,640 per 5 kg (GST extra), respectively. 60 combed warp was priced at ₹362-367 per kg. 80 carded (weft) cotton yarn was sold at ₹1,540-1,580 per 4.5 kg.

44/46 count carded cotton yarn (warp) was priced at ₹315-320 per kg. 40/41 count carded cotton yarn (warp) was sold at ₹300-305 per kg and 40/41 count combed yarn (warp) was priced at ₹318-325 per kg, according to Fibre2Fashion's market insight tool TexPro.

Cotton yarn prices remained steady in Tiruppur and overall demand remined weak, traders said. There is a lack of confidence with respect to future buying from the downstream industry, however, the market is optimistic due to the wedding season. "Wedding season can boost trading activities in retail market which will improve liquidity in the entire value chain," a Tiruppur-based trader told Fibre2Fashion.

Today, 30 count combed cotton yarn was traded at ₹300-305 per kg (GST extra), 34 count combed at ₹315-320 per kg and 40 count combed at ₹320-325 per kg in the Tiruppur market. Cotton yarn of 30 count carded was sold at ₹270-275 per kg, 34 count carded at ₹275-280 per kg and 40 count carded at ₹285-290 per kg, as per TexPro.

In Gujarat, cotton was traded at ₹68,700-₹69,200 per candy of 356 kg. The prices increased by around ₹1,200 per candy since last Tuesday. Prices found support from stronger cotton futures and stagnant arrival. According to the traders, cotton arrival is likely to improve after elections end in Gujarat. MNCs and agri companies along with spinning mills are currently purchasing cotton in limited quantities.

Source: fibre2fashion.com- Dec 02, 2022

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